

Message Text

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TO SECSTATE WASHDC 4546

INFO AMEMBASSY BEIRUT

AMEMBASSY CAIRO

AMEMBASSY DAMASCUS

AMEMBASSY TEL AVIV

AMCONSUL JERUSALEM

USMISSION USUN NEW YORK

C O N F I D E N T I A L SECTION 1 OF 2 AMMAN 3043

E.O. 11652: GDS

TAGS: SREF, XF, UNRWA

SUBJECT: UNRWA FUNDING; JORDAN

REF: STATE 102566

1. SUMMARY: WE HOPE IT STILL POSSIBLE FIND
ALTERNATIVE MEANS TO MEET IMMEDIATE UNRWA FUNDING PROBLEM,
PREFERABLY THROUGH USE OF SOME PLOY SUCH AS ARAB FINANCING
THROUGH UNESCO CHANNEL OR DIRECTLY TO GOJ WITH CONTINUED UNRWA
ADMINISTRATION. PM RIFAI'S LONGER-RANGE SUGGESTION FOR GRADUAL
INTEGRATION OF REFUGEES INTO JORDAN HAS MERIT AS
LONG-RANGE PLANNING EXERCISE BUT HAS MONUMENTAL
POLITICAL DRAWBACKS AT PRESENT. IF RAISED DIPLOMATICALLY,
WE FEAR IT COULD HURT JORDAN'S CHANCES OF
ACQUIRING ARAB FUNDING TO SOLVE SHORT-TERM
UNRWA PROBLEM. END SUMMARY

2. REFTTEL REQUESTED COMMENTS ON JORDANIAN PRIME
MINISTER RIFAI'S PROPOSAL FOR JORDAN
TO FIND ALTERNATIVE WAYS OF RESPONDING TO
UNRWA FUNDING PROBLEM. WE DEFER TO EMBASSY BEIRUT (BEIRUT
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5759) REGARDING COMMENT ON UNRWA REACTION AND RESTRICT

OUR COMMENTS TO IMPACT OF PM RIFAI'S SUGGESTION JORDAN.

2. POLICY STEP CONTEMPLATED BY RIFAI IS OBVIOUSLY A MAJOR ONE INASMUCH AS IT PROPOSES TO CHANGE UNRWA-GOJ RELATIONSHIP, GOING BACK TO 1948 IN A PROGRAM WHICH DIRECTLY AFFECTS LIVES OF 600,000 REGISTERED REFUGEES AND ANOTHER 210,000 DISPLACED PERSONS IN EAST JORDAN. ALL THESE PERSONS BENEFIT FROM UNRWA MEDICAL AND EDUCATIONAL SERVICES, AND 500,000 OF THEM ARE STILL RECEIPIENTS OF RATIONS. (INCLUDING 210,000 DISPLACED PERSONS FROM 1967 WHOSE EXPENSES ARE PAID BY JORDANIAN GOVERNMENT). INDIRECTLY, THIS ALSO RAISES IMPORTANT POLITICAL ISSUES RELATING TO PALESTINIANS INVOLVING TREATMENT OF ENTIRE 1.8 MILLION EAST BANK POPULATION, SPLIT ROUGHLY HALF AND HALF BETWEEN PERSONS OF JORDANIAN AND PALESTINIAN ORIGIN.

3. ACCORDING TO OUR IN-HOUSE CALCULATIONS, OUT OF TOTAL AREA-WIDE UNRWA PROGRAM OF \$129.9 MILLION (1975 BUDGET), CURRENT 1975 UNRWA PROGRAM FOR JORDAN (EAST BANK ONLY) IS SOME \$40 MILLION ANNUALLY CONSISTING OF \$16 MILLION FOR RATIONS, \$12 MILLION FOR EDUCATION AND SOME \$3 MILLION FOR HEALTH, PLUS ADMINISTRATIVE EXPENSES. IN ADDITION, GOJ CURRENTLY PAYS \$22 MILLION ANNUALLY, MOSTLY IN SUPPORT OF POST-JUNE 1967 REFUGEES FROM WEST BANK AND GAZA.

4. RIFAI'S PROPOSAL BREAKS INTO TWO SEGMENTS. THE FIRST IS ESSENTIALLY SHORT-TERM: RIFAI APPEARS TO BE SUGGESTING THAT GOJ, WITH OUTSIDE FUNDING, PICK UP CURRENT UNRWA EDUCATIONAL AND MEDICAL SERVICES TO MAKE UP FOR POSSIBLE SHORTFALL IN UNRWA BUDGET THIS YEAR. GOJ WILL PROBABLY BE FORCED TO DO THIS, WITH OR WITHOUT EXTERNAL ASSISTANCE IN ORDER TO AVOID INTERNAL DIFFICULTIES. WE BELIEVE IT WOULD BE VIRTUALLY IMPOSSIBLE POLITICALLY FOR GOJ TO ALLOW CLOSING OF UNRWA SCHOOLS OR CLINICS FOR ANY SIGNIFICANT PERIOD OF TIME. HOWEVER, GOJ COULD NOT ABSORB SIGNIFICANT INCREASE IN COSTS OVER LONG TERM WITHOUT SERIOUS CONSEQUENCES FOR ITS OWN CHRONIC BUDGET DIFICIT.

5. IMPORTANT THING FROM GOJ POINT OF VIEW IS THAT
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SERVICES CONTINUE TO BE PROVIDED. POLITICAL CONSIDERATIONS ASIDE, WE BELIEVE THE GOJ HAS THE CAPACITY TO ADMINISTER THE PROGRAMS NOW BEING CARRIED ON BY UNRWA. TRANSFERRING THE SCHOOLS TO MINISTRY OF EDUCATION AUSPICES AND THE CLINCS TO MINISTRY OF HEALTH CONTROL WOULD ENTAIL SOME ADMINISTRATIVE DISRUPTION, BUT PROBABLY NOTHING INSURMOUNTABLE. THE ADMINISTRATION OF REFUGEE FOOD RATIONS WOULD

PRESENT A MORE DIFFICULT PROBLEM, SINCE IT WOULD
ENTAIL EXTENSIVE LOGISTIC AND ADMINISTRATIVE ARRANGE-
MENTS. HOWEVER, GIVEN A LITTLE TIME AND ACCEPTING THE
FACT THAT THERE WOULD DOUBTLESS BE DIFFICULTIES
INVOLVED, WE SEE NO REASON THE GOJ COULD NOT ORGANIZE
ITSELF TO PROVIDE THESE SERVICES. GOJ ABSORPTION OF
UNRWA EDUCATION SERVICES WOULD PROBABLY BE TECHNICALLY
FEASIBLE INASMUCH AS UNRWA AND GOJ SCHOOLS ARE, FOR
CONVENIENCE OF ADMINISTRATION, ALREADY INTEGRATED ON
NEIGHBORHOOD BASIS WITH BOTH GOJ AND UNRWA SPONSORED
STUDENTS STUDYING IN CLOSEST SCHOOL, WHETHER GOJ OR
UNRWA.

6. WE DO NOT SEE MAJOR PROBLEM FOR GOJ IF FUNDING
WERE CHANNELLED UNDER EITHER UNESCO AUSPICES, AS
HAS BEEN SUGGESTED, OR FROM OTHER EXTERNAL (PREFER-
ABLY ARAB) SOURCE. EMBASSY BEIRUT IN BETTER POSITION
TO COMMENT ON IMPACT OF RIFAI'S SUGGESTION OF THIS
ON UNRWA AND WE INCLINED SHARE THEIR VIEW THAT UNRWA
WOULD REACT NEGATIVELY TO SUCH A GOJ INITIATIVE.
HOWEVER, AT SAME TIME, IF SUCH AID BECOME AVAILABLE
WE ASSUME IT WOULD STILL BE FEASIBLE FOR UNRWA TO
ADMINISTER THE PROGRAM ON BEHALF OF GOJ WITH LITTLE
ACTUAL CHANGE IN STATUS QUO. ULTIMATELY WE THINK SOME
SUCH PLOY FOR ACQUIRING ARAB FUNDING IS BEST SOLUTION
FOR SHORT-TERM PROBLEMS. FUNDING OF EDUCATIONAL
SERVICES BY OIL-RICH ARABS JUSTIFIED IN
PRACTICAL TERMS BY FACT THAT MANY UNRWA SCHOOL TRAINEES
IN JORDAN AND ELSEWHERE ULTIMATELY END UP WORKING IN

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C O N F I D E N T I A L SECTION 2 OF 2 AMMAN 3043

OIL-RICH STATES, PROVIDING ALMOST INDISPENSABLE ELEMENT OF WORK FORCE. THIS FACT UNIVERSALLY RECOGNIZED IN ARAB WORLD, IF ONLY TACITLY. HOWEVER, WE ALSO THINK THAT GOJ INITIATIVE REGARDING LONGER-RANGE INTEGRATION OF PALESTINIAN REFUGEES INTO JORDAN WOULD PROBABLY, FOR POLITICAL REASONS, SCARE OFF OIL-RICH STATES FROM SUPPORTING SHORT-TERM GOAL.

7. SECOND PART OF PM RIFAI'S SUGGESTED PROGRAM-- THAT GOJ PURSUE POLICY OF INTEGRATING REFUGEES INTO ECONOMY OVER PERIOD OF YEARS--HAS MORE FAR-REACHING POLITICAL IMPLICATIONS FOR WHICH, IN ABSENCE MORE SPECIFIC INFORMATION, WE CAN OFFER ONLY GENERAL COMMENTS.

A. IN FACT, PROCESS INTEGRATING REFUGEES HAS BEEN OCCURRING CONTINUOUSLY SINCE 1948: OUT OF 900,000 PALESTINIANS IN JORDAN, ONLY 210,000 ARE IN CAMPS (130,000 OF WHOM ARE FROM POST-JUNE 1967 REFUGEES AND GREAT MAJORITY OF CAMP RESIDENTS ARE EMPLOYED IN THE JORDANIAN ECONOMY). MAJOR ONGOING GOJ DEVELOPMENT EFFORT IN JORDAN VALLEY HAS IMPLICIT TARGET OF RESETTLING PERSONS IN NEXT FIVE YEARS AND IT IS GENERALLY CONFIDENTIAL

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ASSUMED THAT SUBSTANTIAL PROPORTION OF SETTLERS WILL BE FROM AMONG PALESTINIAN REFUGEES. THIS EFFORT WILL REQUIRE SIGNIFICANT EXTERNAL FINANCING WHICH, IN OUR JUDGEMENT CAN PRESUMABLY BE RAISED FROM OUTSIDE DONORS OVER NEXT FIVE YEARS WITHOUT REQUIRING EXPLICIT RESORT TO UNRWA RATIONALE FOR FUNDING. HOWEVER, ONE UNKNOWN IN VALLEY RESETTLEMENT IS WHAT INCENTIVES WILL BE REQUIRED TO INDUCE PERMANENT RESETTLEMENT. IN FACT, PRESENCE OF FREE RENT AND SERVICES IN UNRWA CAMPS IN AMMAN MAY BE IMPEDIMENT TO RESETTLEMENT IN VALLEY; IT IS POSSIBLE THAT CURRENT REFUGEE PROGRAM COULD BE RESHAPED TO PROVIDE SUCH INCENTIVES AND THIS COULD BE PM RIFAI'S ULTIMATE GOAL. (WE KNOW CROWN PRINCE HASSAN HAS THIS VIEW.) IT SHOULD BE KEPT IN MIND HOWEVER THAT CURRENT ESTIMATES OF NUMBER OF PERSONS WHO COULD BE PRODUCTIVELY ABSORBED ON EAST BANK OF JORDAN VALLEY OVER NEXT 5-10 YEARS IS ONLY 60,000-75,000 IN ADDITION TO THOSE ALREADY LIVING THERE.

B. ONE UNKNOWN IS HOW CURRENT UNRWA PROGRAM

WOULD BE RESHAPED UNDER RIFAI'S LONG TERM PROPOSAL. OUR IMPRESSION IS THAT CONTINUATION OF HEALTH AND EDUCATION SERVICES WILL BE REQUIRED UNDER ANY PROGRAM, ALTHOUGH LOCATION OF FACILITIES COULD BE USED AS INCENTIVE FACTOR FOR RESETTLEMENT. ALTHOUGH RATIONS ARE PERHAPS LESS VALUED THAN SERVICES, AND HAVE BECOME ESSENTIALLY A FLOOR UNDER INCOME, WE ASSUME THAT IT WOULD BE POLITICALLY NECESSARY TO PROVIDE REFUGEES AT LEAST EQUIVALENT BENEFITS IN OTHER AREAS (E.G. PURCHASE OF HOUSES) IF RATIONS WERE GRADUALLY PHASED OUT. ANOTHER ESSENTIAL IS RETENTION OF UNRWA ID CARD, WHICH REFUGEES REGARD AS PALESTINIAN PASSPORT AND ENTITLEMENT TO REGAINING "PALESTINIAN RIGHTS".

C. MONUMENTAL QUESTION MARK IN PM RIFAI'S LONG-TERM PROPOSAL IS POLITICAL. WHAT WILL BE REACTION OF PALESTINIAN POPULATION, AND WILL PLO BE ABLE SUCCESSFULLY TO EXPLOIT ISSUE TO RAISE SIGNIFICANT OPPOSITION TO GOJ ON CHARGE THAT GOJ IS "LIQUIDATING PALESTINIAN PROBLEM"? MAJOR STUMBLING BLOCK COULD BE THAT PLO PRESSURE ON OIL-RICH ARAB STATES COULD WELL DISCOURAGE THEIR FINANCIAL SUPPORT, ON WHICH JORDAN CRITICALLY DEPENDENT BOTH AT PRESENT AND FOR SUCCESS OF PM RIFAI'S PROPOSAL. STEPS TO INTEGRATE

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REFUGEES IN JORDAN WOULD ALSO HAVE SIGNIFICANT REPERCUSSIONS FOR SYRIA AND LEBANON WITH RESPECT TO THEIR OWN REFUGEE POPULATIONS. SECONDLY, EAST JORDANIANS MIGHT ALSO REACT NEGATIVELY IF RESETTLEMENT PERCEIVED AS FAVORING PALESTINIANS OVER NATIVE EAST BANKERS. NEVERTHELESS, CURRENT POLITICAL SITUATION IN JORDAN IS NOT UNSTABLE AND IN COMING PERIOD IT MAY BE POSSIBLE TO TEST THE CONVENTIONAL WISDOM REGARDING THE INTERNAL SENSITIVITY OF UNRWA ISSUE WITHOUT RUNNING UNACCEPTABLE RISKS, PARTICULARLY IF SUCH STEPS COULD ADVANCE PROGRESS ON A SOLUTION OF ARAB-ISRAELI NEGOTIATIONS. IF RABAT SUMMIT DECISION HOLDS AND WEST BANK NEGOTIATIONS EVER BECOME SERIOUS PROSPECT, JORDAN MAY BE FORCED TO COME UP WITH DEFINITION OF JORDANIANS VERSUS PALESTINIAN CITIZENSHIP. OFFER OF RESETTLEMENT PROSPECTS IN JORDAN WOULD BE IMPORTANT ELEMENT IN INDIVIDUAL REFUGEE'S DECISION ON NATIONALITY ISSUE. WE HOWEVER VIEW RIFAI RAISING INTEGRATION ISSUE NOW AS PREMATURE AND LIKELY TO SUBVERT EFFORTS TO ATTAIN FINANCING FOR SHORT TERM PROBLEM.

8. WE HAVE NOT ADDRESSED IMPLICATIONS OF RIFAI'S PROPOSAL FOR USG FUNDING. WE WOULD ONLY CAUTION THAT USG, LIKE OIL RICH ARAB STATES, ALREADY HAS A HEAVY FINANCIAL RESPONSIBILITY FOR SUPPORT OF JORDANIAN

BUDGET, WHICH HAS DIRECT BEARING ON JORDANIAN POLITICAL
STABILITY. GIVEN UNCERTAINTIES OVER FUTURE ARAB SUPPORT,
AS WELL AS CONGRESSIONAL ATTITUDES REGARDING FOREIGN
ASSISTANCE, WE WOULD COUNSEL EXTREME CAUTION IN MAKING
USG COMMITMENT TO PLAY A GREATER ROLE, PARTICULARLY
IN ASSUMPTION DIRECT RESPONSIBILITY FOR FUNDING
POLITICALLY SENSITIVE PALESTINIAN REFUGEE PROGRAM.
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